REMARKS

In response to the *Office Action* mailed on February 26, 2009, please consider the above amendments and following remarks. Claims 1, 6, 7, 11, 16, 17, 21, and 22 are amended. No new matter is added by way of the amendments. No claims are canceled and no claims are added. As a result, claims 1-22 remain pending in the present Application.

§ 101 Rejection of the Claims

Claims 1-10 were rejected under 35 U.S.C. § 101 as being directed to non-statutory subject matter. Specifically, the Examiner cited In re Bilski whereby "the machine-or-transformation test is the only applicable test and must be applied, in light of the guidance provided by the Supreme Court and this court, when evaluating the patent-eligibility of process claims." *Office Action, 3*. Applicants respectfully disagree with the Examiner's assessment of the claims in light of *Bilski*.

With regard to the second prong of the *Bilski* test, the *Bilski* court clarified how the transformation prong can be applied. The CAFC cited to the *Abele* court[1] approvingly when it stated,

> We further note for clarity that ***the electronic transformation of the data itself into a visual depiction in Abele was sufficient; <u>the claim was not required to involve any transformation of the underlying physical object that the data represented</u>. We believe this is faithful to the concern the Supreme Court*** articulated as the basis for the machine-or-transformation test, namely the prevention of pre-emption of fundamental principles. (*Bilski* at 963. Emphasis added.)

Claims 1 is analogous to the patentable dependent claim in *Abele* because the account for the second party as well as the payment and payout of claim 1 represent underlying physical objects (e.g., a banking account and money)***, thus meeting the transformation test*** as defined by *Abele*. Consequently, independent claim 1 meets the second prong of the *Bilski* machine-or-transformation test. Applicants therefore respectfully request the Examiner remove the rejection

[1] *In re Abele*, 684 F.2d 902 (CCPA 1982).

under 35 U.S.C. §101 with reference to independent claim 1 and claims 2-10 that depend therefrom.

§ *112 Rejection of the Claims*

Claims 11-20 and 22 were rejected under 35 U.S.C. § 112, second paragraph, as being indefinite. Specifically, the Examiner found "'using' in a system claim is improper mixing of statutory classes" with respect to claim 11. Additionally, the Examiner contended that "one skilled in the art would understand modules as software and it seems like these modules are hanging in space." *Office Action, 4.*

Independent claims 11 and 22 have been amended to remove the "using at least one processor to execute" phrasing. As such, the improper mixing of statutory classes is no longer present.

Furthermore, independent claims 11 and 22 have been amended to include "a network-based payment machine including at least one server" whereby the at least one server comprises the modules. Support for this amendment can be found in at least paragraphs [0029] and [0030] of Applicants' U.S. Published Patent Application No. 2005/0171842. The modules now are associated with a physical structure. Therefore, Applicants request the Examiner withdraw the rejection of independent claims 11 and 22, as well as dependent claims 12-20, under 35 U.S.C. §112..

§ *103 Rejection of the Claims*

Claims 1-22 were rejected under 35 U.S.C. § 103(a) as being obvious over Perri et al. (U.S. Publication No. 2001/0020231, hereinafter; "*Perri*") in view of Official Notice and further in view of Warren et al. (U.S. Publication No. 2003/0101131, hereinafter; "*Warren*"). Since a *prima facie* case of obviousness has not been properly established, Applicants respectfully traverse the rejection.

It is noted that the Examiner made reference to *Hajdukiewucz* (U.S. Patent No. 6,989,960) within the arguments, however, the initial rejection statement on page 5 of the *Office Action* only rejects the claims using *Perri,* Office Notice, and *Warren*. Applicants request that the Examiner, in any subsequent actions, to either remove references to *Hajdukiewucz* or to

provide citations from *Hajdukiewucz* so that Applicants can respond accordingly. For purposes of the present response, Applicants are providing arguments including reference to *Hajdukiewucz.*

Amended claim 1 recites, in part, "automatically awarding a payout to the first party based on the payment received by the account for the second party and on a plurality of payout conditions of the bonus program that is associated with the account, the plurality of payout conditions including an initial hurdle and an initial payout." The Examiner contended that *Perri* disclosed "an initial payout (when 2nd party opens account, 1st party is paid, this reads on an initial payout)." However, an initial payout is defined, for example, as

> the amount of money paid out to a referrer after the amount of money received into the account associated with the merchant exceeds the initial hurdle. For example, if the initial payout is $10.00 USD and the initial hurdle is $1,000 USD, then the referrer of the account would receive an initial payout of $10.00USD after $1,000.00 USD is paid into the account." *Published Application*, [0047]

The initial hurdle is defined as, for example, "the minimum amount of money that must be received into an account associated with a merchant before the referrer is eligible for the initial payout." *Published Application*, [0046]. *Perri* in no way teaches an initial payout or initial hurdle as found in Applicants' claim 1.

Furthermore, independent claims 1, 11, 21 and 22 recite a method, system, and machine readable storage medium "to incentivize a first party ***to refer a payment service*** to a second party." "[A] claim preamble has the import that the claim as a whole suggests for it." *Bell Communications Research, Inc. v. Vitalink Communications Corp.*, 55 F.3d 615, 620, 34 USPQ2d 1816, 1820 (Fed. Cir. 1995). "If the claim preamble, when read in the context of the entire claim, recites limitations of the claim, or, if the claim preamble is 'necessary to give life, meaning, and vitality' to the claim, then the claim preamble should be construed as if in the balance of the claim." *Pitney Bowes, Inc. v. Hewlett-Packard Co.*, 182 F.3d 1298, 1305, 51 USPQ2d 1161, 1165-66 (Fed. Cir. 1999).

In the context of the preamble, independent claim 1 further recites, in part, "receiving a payment at a network-based payment machine and associating the payment to the account for the

second party; and automatically awarding a payout to the first party based on the payment received by the account. . ." For example, a "payment module processes the payment [received by a network-based payment machine] by associating the payment to the proper merchant." *Published Application,* [0033]. In a further example, "the payment module receives an authorization for payment… [which] includes the e-mail address of the buyer." The e-mail address is matched to a user table "thereby identifying the proper merchant." *Published Application,* [0069]. Because claim 1 is directed to referral of a payment service, payments received by the payment service are associated to a proper account of a second party. The payout is then based on the payment received by the account and on a plurality of payout conditions of the bonus program that is associated with the account, the plurality of payout conditions including an initial hurdle and an initial payout as recited in claim 1.

Perri does not teach referrals for a payment service. *Perri* is merely directed to "promoting sales… [by] providing an incentive in exchange for a referral." *Perri*, [0004]. A member "may receive commission on sales or hits on a web site of a participating merchant." *Perri*, [0056]. While Perri does discuss giving credit for "use of a service," there is no suggestion or teaching of a payment service whereby a network-based payment machine receives a payment, associates the payment to the account for the second party, and automatically awards a payout to the first party based on the payment received by the account for the second party and on a plurality of payout conditions of the bonus program that is associated with the account, the plurality of payout conditions including an initial hurdle and an initial payout."

The Examiner provides that "a finder's fee for referring another to open a financial account is well know." C*iting Hajdukiewucz.* Thus, "it would have been obvious to a person having ordinary skill in the art at the time of the invention was made… to add the teachings of rewarding the finder for a new customer for a financial account to Perri to extend Perri's marketing scheme to financial accounts." *Office Action*, 6. As stated above, *Perri* does not teach a receiving a payment at a network-based payment machine, associating the payment to the account for the second party, and automatically awarding a payout to the first party based on the payment received by the account and on a plurality of payout conditions of the bonus program that is associated with the account, the plurality of payout conditions including an initial hurdle

and an initial payout. Nor does *Perri* teach an initial payout or initial hurdle as claimed. *Hajdukiewucz* does nothing to cure these deficiencies of *Perri*.

With respect to *Warren*, the Examiner stated, "Applicant misunderstands the use of Warren in the combination of references. Warren is only used to teach that a party which is to be given rewards, can be giving a choice of reward types to select from." *Office Action*, 10. However, giving a user a choice of reward types is not being claimed. Amended claim 1 merely states that a payout to the first party is "based on the payment received by the account for the second party and on a plurality of payout conditions of the bonus program that is associated with the account, the plurality of payout conditions including an initial hurdle and an initial payout."

Warren is directed to a system that allows a user to customize the terms of an account including reward programs. *Warren*, [0004] and [0065]. *Warren* in no way teaches or suggests referral of a payment service. In fact, *Warren* does not in any way teach referrals. Instead, the cited portions of *Warren* are directed to a personalized reward program whereby the user (i.e., first party) may select from a list of available reward programs for self participation. "For example, the account provider may send the user a list of available programs such as United Airlines miles or Marriott hotel points." *Warren*, [0065]. The bonus program of claim 1 is associated with the account (of the second party), whereas the cited portions of *Warren* are directed to selecting a reward program associated only with the first party. The rewards earned or redeemed by the user of *Warren* are for actions performed by the user, themselves, not for any actions related to an account of a second party. Therefore, *Warren* does not teach "awarding a payout to the first party based on the payment to the account for the second party and on a plurality of payout conditions of the bonus program that is associated with the account, the plurality of payout conditions including an initial hurdle and an initial payout" as recited in claim 1.

The recent U.S. Supreme Court decision of *KSR v. Teleflex* provides a tripartite test to evaluate obviousness.

> A rationale to support a conclusion that a claim would have been obvious is that ***all the claimed elements were known in the prior art*** and one skilled in the art could have combined the elements as claimed by known methods with no change in their respective functions, and the combination would have yielded nothing more than predictable results to one of ordinary skill in the art. (*See KSR*

> *International Co. v. Teleflex Inc.*, 127 S. Ct. 1727, 82 U.S.P.Q.2d 1385 (2007)). Emphasis added.)

Applicants have shown that *Perri, Hajdukiewucz,* and *Warren*, singly or in combination, do not teach or suggest all limitations of Applicants' claims. Since a *prima facie* case of obviousness has not been properly established, claim 1 is not obvious over the combination of *Perri, Hajdukiewucz,* and *Warren*. Independent claims 11, 21, and 22 contain similar limitations as those of claim 1. As such, claims 11, 21, and 22 are not obvious for at least the same reasons as those provided for claim 1.

The Examiner noted that "one cannot show nonobviousness by attacking references individually where the rejections are based on combinations of references." *Office Action*, 9. However, the Examiner explicitly argued that *Warren* disclosed the limitation of a particular bonus program associated with the payment account among plural bones programs, exclusively, since *Perri* and *Hajdukiewicz* do not disclose this limitation. *See Office Action,* 6. Therefore, nonobviousness can be shown by attacking references individually, especially, when a single reference is relied upon exclusively to provide the limitation.

Applicants respectfully disagree with the Examiner's rejection of claims 2-10 and 12-20 for at least the reason that claims 2-10 and 12-20 depend from otherwise allowable independent claims as discussed in detail herein. "A claim in dependent form shall be construed to incorporate by reference all the limitations of the claim to which it refers." *35 U.S.C. §112 ¶4.* As such, Applicants contend that dependent claims 2-10 and 12-20 are allowable for at least the same reason as the independent claim from which they depend. Further, each of these dependent claims may contain additional patentable limitations.

CONCLUSION

Applicants respectfully submit that the claims are in condition for allowance, and notification to that effect is earnestly requested. The Examiner is invited to telephone the undersigned at (408) 278-4040 to facilitate prosecution of this application.

If necessary, please charge any additional fees or deficiencies, or credit any overpayments to Deposit Account No. 19-0743.

Respectfully submitted,

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CERTIFICATE UNDER 37 CFR 1.8: The undersigned hereby certifies that this correspondence is being filed using the USPTO's electronic filing system EFS-Web, and is addressed to: Mail Stop RCE, Commissioner for Patents, P.O. Box 1450, Alexandria, VA 22313-1450 on this 24th day of April, 2009.

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